

21104
 Your
 Seattle
 City Light

Memorandum



DATE : January 22, 1980
 TO : Fred Mandapat
 FROM : Joe Recchi *J. P. Recchi*
 SUBJECT : PCB's Disposal Contract

Fred, I reviewed your report dated January 14, 1980, outlining the responses to our "Invitation to Bid" for PCB's Transport and Disposal. In view of the fact that we received only one (1) "proposal", i.e., Chem-Nuclear, and the fact that they did not quote prices, leads me to concur with your proposal as contained in your January 14 memo.

I would appreciate a report and progress status as related to your three recommendations by Friday, March 28, 1980.

JPR:mbm

cc: Henault
 * Lane/Williams
 * Recchi
 * File

* 1-14-80 memo
 Mandapat to
 Recchi

~~TK~~
 3-28-80



*Attach to
JPR
Remy,*

DATE : January 14, 1980
TO : Joe Recchi
FROM : A. A. Mandapat *AA*
SUBJECT : PCBs Disposal Contract

We have received only one response to our invitation to bid for a PCBs disposal contract. The response was from Chem-Nuclear and was not responsive to our invitation in the two areas of most concern to us namely, Environmental Impairment Insurance and Transportation.

Chem-Nuclear stated in their cover letter that they would take out Environmental Impairment Insurance when it is required by the EPA.

On the subject of Transportation, they offered to provide transportation at cost (including all surcharges) plus 30%.

Chem-Nuclear did not quote any prices. Rather they stated that "Due to the tendency for the rules governing PCBs to change rapidly, CNSI will not submit fixed prices for disposal. Rather, the cost for disposal will be that of our currently published rates."

We contacted Chem-Nuclear by phone and requested their "currently published rates." Applying their rates to our last load to Wes-Con shows them to be almost double. (See Rates attached) We paid Wes-Con \$2,280 and the same load to Chem-Nuclear would have cost \$4,375.

In order to find out why Wes-Con did not bid, we called Gene Reinbold and he informed us that under the present EPA preliminary rules, capacitors could not be accepted for disposal in their facility after January 1, 1980. However, when the final rules were passed, he expected they could again accept capacitors until 30 days after an approved incinerator went into operation.

Bill Riley of OEA has checked with the EPA office in Seattle and they said that they expected the final regulation to be passed in February.

We have on hand eight barrels of leaking capacitors and miscellaneous contaminated materials in the storage shed. We should not need to make a run to a disposal site through February unless the crews bring in a greater than normal amount. We also have a large number of non-leaking capacitors on hand which can wait until later in the year.

We propose to proceed as follows:

1. Continue to negotiate through Purchasing for the best possible contract with Chem-Nuclear.
2. Obtain informal estimates from two or three common carriers and work with Purchasing for a hauling contract via common carrier.
3. Wait to haul non-leaking capacitors to see if EPA permits Wes-Con to accept capacitors under the final regulations.

For your information with regard to Environmental Impairment Insurance, we are attaching copies of two articles which appeared in the Hazardous Waste Report in November and December 1979. These clippings were furnished to us by Chem-Nuclear with their current rates.

Please advise if you feel we should proceed in some other direction.

AAM:dym

Attachments:

- Chem-Nuclear PCBs disposal rates November 8, 1979.
- Environmental Impairment Insurance articles, Hazardous Waste Report, Nov. and Dec. 1979.

cc: Mandapat/D. Young
Henault/Riley
T. Flaherty
Kennedy
D. Polley
L. Metzger
Central File
File

MEMO



CHEM NUCLEAR SYSTEMS INC.

Date: November 8, 1979

To: Patrick H. Wicks
Frank G. Dement
Jack G. Peabody

Location: Various

From: Steve Karich

Location: Corporate

Subject: PCB Pricing

The cost of liquid PCB storage has doubled and the various other costs have climbed as well. Effective immediately, the prices for PCBs are:

1. PCB Solids \$ 4.65/ft³
 \$ 34.25/55-gallon drum
2. PCB Liquid \$1,250.00/55-gallon drum
3. PCB Transformers \$ 360.00/transformer plus
 \$ 56.75/gallon PCB

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jected to such harassment and is considering re-opening public hearings on the matter. Capitol Hill sources told *HWR* that Sen. Moynihan's (D-N.Y.) staff is looking into the matter and that a letter from Sen. Javitz (R-N.Y.) has already been drafted. In addition, a representative from EDF, an organization that is supporting Dr. Paigen in her efforts to bring this matter to light, told *HWR* that the Mike Wallace staff of CBS's *60 Minutes* is at this time working on plans to use Dr. Paigen's story in an upcoming program.

Lois Gibbs, president of the Love Canal Homeowners Association, expressed to *HWR* her opinion that Dr. Axelrod has a "personal vendetta" against Dr. Paigen because he was embarrassed by the validity of the Paigen test results that ultimately led to an order to evacuate all pregnant women and children under two years of age.

SEMINAR HEARS UPDATE ON LIABILITY INSURANCE COVERAGE

An update on Environmental Impairment Liability Insurance which could be used by firms disposing of hazardous waste to meet RCRA requirements was presented during the December 10 session of the Governmental Institutes Conference in Washington, D.C.

Milton A. Sorrell, Jr., President of Insurance Buyers Council, Inc. of Baltimore, Maryland, told the audience that, at the present time, a minimum premium cost for up to \$4 million of non-sudden environmental insurance is \$5,000. He stressed that the premiums vary considerably depending upon the size and circumstance of individual firms and said that the \$5,000 represented a "bare bones" cost.

The insurance is handled through a Cranford, N.J. based firm, Hawden Agencies, Ltd., which is tied to a London insurance company. Wohlreich & Anderson, the selling arm of Hawden, has offices in 16 major U.S. cities.

To qualify for any level of the new type of insurance, a firm is subjected to highly detailed and tough technical inspection. Sorrell noted that, in addition to helping the firm qualify for the gap-filling insurance policy, such an inspection should be invaluable to a company's risk manager as an internal audit.

Sorrell, whose firm specializes in risk management and insurance analysis for corporations and associations, predicted that, in a typical pattern, American insurance firms will probably start writing Environmental Impairment Liability Policies once the still controversial issues involved become more settled.

Theoretically, the policies cover the cost of both cleanup and litigation stemming from a non-sudden environmental disaster. However, Sorrell said that the

individual policies contain certain exemptions. He noted that some exemptions are absolute and that some can be bought out by paying a higher premium cost.

In an earlier explanation of the liability insurance plans offered through Wohlreich & Anderson, the National Solid Waste Management Association was told that annual premiums for this type of policy may range from \$12,000 - \$19,000 for a smaller company and from \$80,000 - \$100,000 for a larger firm. At that time, it was also explained that the possibility of group policies by industry was being considered. (See *HWR*, Vol. 1, No. 6, p. 7). *(attached)*

HWR hopes to publish a story elaborating on the coverage, exemptions and costs of such insurance written by either a representative of IBC or Hawden itself in a future issue.

SOCMA AND CMA FORM JOINT INTERNATIONAL AFFAIRS GROUP

The Synthetic Organic Chemical Manufacturers Association (SOCMA) and the Chemical Manufacturers Association (CMA) have formed a joint International Affairs Group (IAG). SOCMA President Edward Pollak of the Olin Corporation reported on the IAG at the Association's annual meeting in New York on December 6.

Pollak said, "It has been obvious for some time that concerns over the safety and health of both new and existing chemicals transcend national boundaries." He further noted that "Regulatory Controls developed in one country not only directly impact imports and exports from that country but tend to be followed by legislative bodies in other nations."

The prime focus of the IAG will be on matters related to the Toxic Substances Control Act. The IAG staff executive, CMA's George W. Ingle, told *Hazardous Waste Report* that the 12 member group has just begun exploring international matters related to the Occupational Safety and Health Act and that they have not yet begun to focus on waste disposal or issues related to the Resource Conservation and Recovery Act. Ingle also said that the IAG will concentrate on matters related to western Europe and the United States though a Japanese representative attended the IAG October meeting. The IAG, according to SOCMA President Pollak, will also broaden its contacts with international groups such as the United Nations Environmental Program, the World Health Organization and the Organization for Economic Cooperation and Development.

The IAG, chaired by George S. Dominquey of Ciba-Geigy Corporation, has scheduled the next meeting for January 16.

2. A federal cause of action that would recognize the inherent hazards associated with the production and handling of hazardous substances by imposing joint, several and strict liability on those who cause or contribute to a release. A victim's burden of proof would be eased to enable him to have a reasonable recovery in court actions.

3. A new regulatory authority to require owners of inactive disposal sites to identify, monitor and ameliorate those that threaten human health or the environment.

In direct conflict with CMA's position, Early strongly urged the Subcommittee to establish an industry-based fee system to support the cleanup and compensation fund, warning that it should "refuse to participate in another deception of the American people by authorizing a superfund system based on general revenues only to see its effectiveness eliminated by inadequate appropriations."

In its detailed defense for an industry-based fund, the environmentalists offered two precedents in which Congress decided that presently operating industry should pay for problems caused by past practices and financially insolvent currently operating firms: 1) The Surface Mining Control and Reclamation Act, and 2) The Black Lung Benefits Revenue Act of 1977. These two examples were referred to repeatedly by several witnesses throughout the testimony in a manner that seemed to indicate possible future defense tactics for expected industry attacks based on unconstitutionality. In his testimony, Kenneth Kamlet of the National Wildlife Federation made the point that neither of these statutes has been successfully challenged in the courts. In fact, he added, the Supreme Court, responding to an industry challenge to the Black Lung Law, specifically upheld the concept of having present companies pay for past problems.

The concluding witness, Sweb Davis, EPA's Assistant Administrator for Water and Waste Management, responded to the arguments that had been presented by industry. He specifically addressed the deficiencies in existing legislation (including RCRA) that, he feels, make the passage of a comprehensive superfund bill a vital necessity. When Florio challenged Davis with industry's contention that a collection system based on a feedstock fee will magnify inflation, Davis said that based on an EPA economic impact study, the Agency's analysis does not bear this out.

Input on the states' roles in implementing superfund legislation was addressed in testimony from New York Commissioner of Environmental Conservation Robert Flacke, Arkansas Governor Bill Clinton, Kentucky Commissioner for the Department of Natural Resources

and Environmental Protection Frank Harscher, and Representative Grassley (R.-Iowa) who has offered an alternative superfund bill (H.R. 4548). A Capitol Hill source told *HWR* that Florio may group all of the proposed RCRA amendments and superfund alternatives and offer them as a package when the House begins its floor debate.

HAZARDOUS WASTE INSURANCE DISCUSSED AT NSWMA CONVENTION

Liability insurance for non-sudden occurrences such as leachate or surface runoff from hazardous waste facilities is now being made available in the United States by a London insurance company. This type of coverage has generally not been available from American companies since 1971. Charles C. Humpstone, President of Environmental Risk Assessment Service and author of "Pollution Insurance Comes of Age" (Risk Management, August 1977) told the National Solid Waste Management Association, meeting in Chicago on October 5, that he expects American insurance companies will soon be writing similar policies but they are "waiting to see if we fall on our faces."

American insurance companies, frightened by a series of environmental disasters in the early 1970's and the proliferation of environmental regulations discontinued non-sudden coverage, Humpstone reported. Non-sudden coverage might well have been applied to the Love Canal disaster and the mercury contamination in the New Jersey meadowlands (See Analysis, this issue). The American insurance industry, in recent congressional testimony on various superfund proposals, has also voiced concern about the availability and affordability of insurance (See *HWR*, Vol. 1, No. 1, p. 4).

The London brokerage firm of H. Clarksons' first wrote a non-sudden coverage policy in the United States in 1974 and now requires that all applicants submit to an engineering survey. Environmental Risk Assessment Service in Boston employs engineering consultants to conduct the survey and uses a modified degree of hazard scheme in assessing the risks associated with a particular hazardous substance. A range of other factors are also evaluated, including proximity to water supplies and general "housekeeping" practices of the firm.

The policies now written through Wohlreich & Anderson, with offices in 16 major U.S. cities, excludes intentional acts of non-compliance and any assessment of fines, penalties or punitive damage but does include litigation costs. The policies are currently written on a "claims made" basis as opposed to an "occurrence" basis. The "claims made" policy will pay any claim made during the life of the policy, regardless of when

the event occurred. The occurrence policy will pay for any occurrence that happened during the life of the policy, regardless of when the claim is actually made.

The "claims made" policy has implications for perpetual care of a closed hazardous waste facility because the policy is dependent upon the insured's solvency and the payment of annual premiums. The policy can be terminated at any time with the result being that liability claims made after the policy is terminated will be uninsured and the public may be forced to bear the cleanup costs. Humpstone said that he expects the policies will eventually convert to an occurrence basis but it may take a minimum of five years for the industry to gain greater confidence.

Humpstone reported that the annual policy premium may range from \$12,000-\$19,000 for the smaller company and from \$80,000-\$100,000 for the larger operation. Most of the firm's clients are chemical companies, gas station owners and mining companies. Humpstone also told *Hazardous Waste Report* that the firm has written a few group policies and they have been negotiating with a number of industry associations to expand this coverage.

NSWMA CONFERENCE REVIEWS EUROPEAN FACILITIES

European hazardous waste management facilities were a topic of discussion at the October 3-5 National Solid Waste Management Association meeting in Chicago. David E. Ross, Vice President of SCS Engineers, observed that because of its dense population Europe had to face the hazardous waste problem much earlier than the United States. The first European hazardous waste management facility began operations in 1972. To date there are some 13 regional facilities, according to Ross.

Joint government and industry ventures in the management of hazardous waste are unique features of European operations, according to Ross. One facility in France received a national loan to begin construction and is now owned and operated by a group of private industries who own shares in the facility.

The Kommunekemi facility in Nyborg, Denmark, for example, is owned by the Danish Municipal governments. Thomas L. Rinker, Manager, Process Systems, Environmental Elements Corp. concentrated his remarks on the Kommunekemi facility but noted that the typical European facility is regional in scope, uses a rotary kiln incinerator and has a waste heat recovery process.

The Nyborg facility has a processing capacity of 60,000 metric tons per year and its waste heat recovery

process provides the town of 18,000 people, with 50% of their hot water needs.

Rinker announced that the facility's plant manager will be the featured speaker at a seminar on November 5 and 6 at the Marriott Hunt Valley Inn in Baltimore, Maryland. For more information call 301-368-7197. Following the seminar, *Hazardous Waste Report* intends to provide a full description of the Danish facility.

NUCLEAR WASTE BILL: COMPROMISE AND QUESTIONS

The proposed Nuclear Waste Management Reorganization Act (S. 742), scheduled for consideration at the Glenn-Percy Nuclear Waste Hearings this week, has already been subjected to extensive analysis in an effort to reach its present form.

The bill calls for: 1) establishment of a Nuclear Waste Coordinating Committee which would consist of representatives of federal agencies with nuclear waste responsibilities including DOE, DOI, CEQ, EPA and NRC. Its functions would be to improve coordination and resolve disputes; 2) preparation, in each of the first five years of existence, of a comprehensive nuclear waste management plan which would describe all current and planned programs and eventually result in a governmental nuclear waste policy; 3) creation of a Nuclear Waste Management Planning Council; 4) a siting procedure under which the federal government would be required to provide early notification to the governor of a state of its intentions.

Senator Percy's (R., Ill.) staff aid Josh Levin outlined for *HWR* some of the key questions to emerge during the drafting process, including some which will be addressed during hearings later this week.

The question of state veto vs. federal override on siting is expected to elicit testimony from a number of groups including the National Association of Counties, the National Council of State Legislatures, the National Governors Association, the Union of Concerned Scientists, and the American Nuclear Energy Committee.

Levin also noted the ongoing issue of the role of the Department of Energy. S. 742 allows DOE to be a "leader among equals" but opponents of this approach feel DOE lacks the necessary technical knowledge, according to Levin. The nuclear industry wants DOE to remain in charge, blaming bureaucracy at the state level for problems, and feels that all necessary legislation already exists, Levin added.

The role of the public is also open to question. The bill refers to "concerned citizens" but they are not clearly defined, Levin noted. He asked, "Who are they? Nuclear industry? Environmental groups? What influence will they have?"